



Statement of Colleen M. Kelley
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On

“Extension of Employer Provided Mass Transit Benefit”

Submitted to

**House Ways and Means Subcommittee on Select Revenue
Measures**

April 26, 2012

Chairman Tiberi, Ranking Member Neal, and distinguished members of the subcommittee, on behalf of the National Treasury Employees Union (NTEU), I would like to thank you for allowing me to submit comments on expiring tax provisions, and in particular, the importance of extending the employer provided mass transit benefit.

As you know, in 2010, as part of the “Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010,” Congress included a provision that kept the mass transit portion of the commuter benefit at \$230 per month for 2011, preventing a reduction to \$125 per month, and keeping it equal to the parking tax benefit. Unfortunately, because Congress did not again extend the transit benefit before it expired at the end of 2011, the monthly maximum transit amount was reduced to \$125 per month on January 1, 2012.

In the meantime, the monthly limit for the parking portion of the commuter benefit was increased from \$230 per month to \$240 per month due to an automatic cost of living increase, further exacerbating the disparity between the transit and parking benefits.

NTEU believes it is critical that Congress quickly act to reinstate parity between the transit and parking portions of the commuter benefit. Many working people that use public transportation to get to and from work, rely on the transit benefit which has provided much needed relief in their commuting costs. Many of these workers are struggling in the current economic climate, and a reduction in these benefits is imposing a severe financial burden on them.

Reinstating the monthly transit subsidy to a level equal to the parking benefit also encourages greater transit ridership, which helps lessen congestion on roadways, reduces pollution and conserves energy. Furthermore, it certainly makes no sense for the government to provide workers using environmentally helpful mass transit a lesser benefit than those driving and parking personal vehicles.

In addition to providing economic relief to workers and positively impacting the environment, extending the mass transit benefit also provides tax relief for the employers that offer the benefit. Because the mass transit is a pre-tax benefit, employers do not have to pay payroll taxes on it, providing savings which can be reinvested in the company. It is estimated that in 2010, employers saved over \$300 million by offering this critical benefit to their employees.

Mr. Chairman and distinguished members of the subcommittee, NTEU asks that as Congress considers a tax extenders package, you include an extension of the mass transit benefit that will restore parity with the parking portion of the commuter benefit, allow working families to save money on their daily commute, reduce traffic congestion, and improve air quality.

We would also ask for your support for stand-alone bipartisan legislation H.R. 2412 introduced by Rep. McGovern, the “Commuter Benefits Equity Act of 2011,” which would permanently establish parity between the parking and mass transit portions of the transportation fringe benefit. The bill currently has 74 co-sponsors, including several members of the subcommittee.

NTEU appreciates the opportunity to provide comments on the importance of extending the mass transit benefit, and stands ready to do all it can to ensure this critical benefit for workers and employers is extended in the near future.